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**Substantive session of 2002**
Operational activities segment

**Provisional summary record of the 12th meeting**
Held at Headquarters, New York, on Friday, 5 July 2002, at 10 a.m.

*President*: Mr. Šimonović ..... (Croatia)
*later*: Mr. Kumalo (Vice-President) ..... (South Africa)

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Operational activities of the United Nations for international development cooperation

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*The meeting was called to order at 10.25 a.m.*

**Operational activities of the United Nations for international development cooperation**

1. **The President** said that the operational activities segment of the current session followed the General Assembly's completion, at its fifty-sixth session, of the triennial comprehensive policy review of operational activities for development of the United Nations system and its adoption of resolution 56/201. The major conferences of the 1990s, the Millennium Summit and the International Conference on Financing for Development had created a climate of urgency, constructive engagement and renewed resolve to eradicate poverty, achieve sustained economic growth and promote sustainable development. The Council's role was to provide a central forum for discussion among all actors in international development cooperation, including high-level policy makers from developed and developing countries and representatives of the United Nations system, in order to identify new ways of achieving common goals. The segment was an opportunity to discuss the most relevant topics in the context of United Nations operational activities so that bilateral donors, recipient governments and multilateral and United Nations agencies could shape their future development cooperation policies and programmes in a constructive, enlightened way.

2. The high-level panel on capacity-building was an example of the way in which the operational activities segment should intensify its work as the facilitator of dialogue among key stakeholders, exploring better ways to pursue the ambitious goals of development and growth in a collaborative manner. The Council should continue to play its oversight role with respect to the operational activities of the United Nations for international development cooperation and to the funds and programmes and their executive boards.

3. *Mr. Kumalo (South Africa), Vice-President, took the Chair.*

*Panel on capacity-building: a challenge for international development cooperation*

4. **The President** welcomed the panellists and announced that Mr. Nitin Desai, Under-Secretary-General for Economic and Social Affairs, would serve as moderator.

5. **Mr. Desai** (Under-Secretary-General for Economic and Social Affairs), Moderator, said that capacity-building was a vague phrase that bedevilled development cooperation; he therefore welcomed the effort to make it more operational. Over the years, he had seen a change in the underlying paradigm of development assistance. In the past, it had been project-oriented, externally managed and poorly integrated into national strategies and there had been little coordination between donors except at annual round tables. More recently, there had been a movement from a project-oriented to a programme-oriented approach and from external to national management. Integration into national plans and programmes had become vital; stand-alone projects were no longer acceptable to either donors or recipient countries and better coordination made conflicts among donor policy requirements less of a problem.

6. During the 1990s, the United Nations had played a major role in the development of a common framework for cooperation, particularly through the establishment of the Millennium development goals. The movement from a system of development assistance to one of development partnership explained the greater focus on capacity-building; donors must have confidence that their funds would be used effectively at the country end. Impact analysis, including effectiveness and accountability, was of growing importance in the negotiation and implementation of country programmes, and capacity-building was a key aspect of that process. It remained to be seen how it would enter into the Council's discussion of the topic of good governance.

7. **Mr. Faure** (Chairman of the Development Assistance Committee, Organisation for Economic Co-operation and Development (OECD)), Panellist, said that operational partnerships involved moving from an all-encompassing approach to one of managing processes and their outcomes, and making necessary corrections by setting targets and choosing indicators at the country level. The Paris 21 Consortium had led to new ways of producing and monitoring indicators in terms of statistical capacities. Despite its well-known shortcomings, technical cooperation was a preferred tool for that purpose.

8. Capacity-building was a natural corollary of a new approach, begun ten years previously and embodied in the Millennium development goals, which focused on empowerment and shared responsibility.

The operationalization of ownership required programme coordination at the country level in cooperation with the governments concerned; policy coherence was essential at all levels. Technical cooperation hinged on national ownership, taking comparative advantages into account. Capacity-building must promote sustained implementation of the decisions taken in Monterrey and, he hoped, Johannesburg, but it was also important to prevent the "brain drain" and to promote partnerships between the public and private sectors. A new sense of urgency made it necessary to move quickly in, for example, facilitating a pragmatic approach to capacities for trade, but that should be done in a manner consistent with and supportive of medium-term priorities while reconciling immediate and long-term technical cooperation through capacity-building.

9. Such an approach would require mutually supportive efforts by international, multilateral and bilateral partners, including multilateral frameworks which relied on bilateral donors for the majority of their funding. Much had been accomplished, but more must be done if ownership for all was to be achieved. Over-simplistic divisions of labour should be avoided, technical assistance should serve as a tool for capacity-building rather than as a stand-alone response, technical cooperation should take an "outward" approach rather than dwelling on "inward" improvements, and new aspects of globalization, such as knowledge-sharing and information and communication technology, should be taken more fully into account.

10. Interdependencies must also be borne in mind; it was not enough to view issues as involving only the poorest and richest countries. Middle-income countries could benefit from and contribute to capacity-building. South-South cooperation and regional approaches had the potential to shape comprehensive responses, and country-level strategies should be examined. Capacity-building had a role to play in all those areas. Lastly, framework approaches should be taken at the country level by, inter alia, incorporating national strategies for capacity development into poverty reduction strategy papers.

11. **Ms. Ndong-Jatta** (Secretary of State for Education of the Gambia), Panellist, said that the focus should be not on what was happening, but on what was not happening. Past efforts at capacity-building had had little effect on developing and least developed countries; in fact, they appeared to accentuate despair and dependency on the part of both partners and recipients. In some cases, insufficient resources were allocated while in others, there was a general mismatch between what was required and what was prescribed. Objectives were not fully understood because the partnership was unequal from the outset, while project areas were selected on the basis of the donor's judgement rather than the recipient's.

12. However, there was growing evidence of a more systematic and strategic approach. The design of technical assistance had improved over the years and greater attention was paid to the need to create or enhance a sustainable institutional legacy. Less reliance was placed on the use of expatriate advisers and more on national expertise, and the focus was increasingly on national commitment and ownership, enlisting the support of stakeholders and beneficiaries and maintaining a national coalition of support that could energize a programme.

13. National ownership was made up of human skills and institutional and organizational structures, and effective capacity was the proven ability of key individuals, groups and organizations to achieve social and economic goals on their own. Capacity-building in that context would entail more far-reaching organizational, social and even political reforms, an enhanced role for non-governmental organizations (NGOs) and the private sector and a shift to a more cross-sectoral approach to sustainable development. As expected, that shift was proving difficult to achieve owing to the embedded behaviour patterns of governments, donors and other groups. Under-utilization and misuse of existing capacities as a result of skewed reward systems, patronage and lack of professionalism led to "brain drain" and lack of commitment on the part of those who remained in the countries concerned.

14. Most multilateral organizations operating in developing countries — for example, the World Bank — created a specialized unit headed by outside expertise or by nationals who received many privileges and then who moved on to greener pastures at the end of the project without passing their knowledge and skills on to others.

15. Another shortcoming had to do with the generally poor coordination of assistance for capacity-building and, in some cases, inadequate diagnosis of the strategy

needed. Strategies initially put forward as suggestions, but later imposed as conditionalities, were confusing to recipients. The best approach to capacity-building in developing countries was to create a development vision and mindset; aim for retention and optimal use of existing local capacity, especially at the managerial and professional levels; and strengthen education, training and retraining of local capacity. Equally important were good governance and accountability at all levels, particularly in financial matters, and a supportive administrative, regulatory, organizational and physical infrastructure. As for the relationship between capacity-building and good governance, she noted that the foundations of good governance — transparency, effective participation and greater awareness of civic rights and responsibilities — could not be realized without capacity-building. Good governance should be required not only of recipient countries but also of donor countries or organizations.

16. Capacity-building and good governance provided the impetus for development assistance. Transparency, minimal risks and greater participation (which expanded stockholders' absorptive capacity) were all factors which inspired the confidence of development partners. Donors should be wary of withdrawing assistance on the basis of assessments carried out in the final stages of a programme. Such assessments could give an inflated impression of capacity. However, capacity assessment was actually a continuous process which constantly pointed up possibilities for improvement, and for attaining sustainable development and ownership.

17. National mechanisms for sustainable development must emphasize integration, participation and information. With regard to integration, multisectoral planning would maximize the use of scarce resources and, in her view, was preferable to the sector-wide approach in vogue. Participation ensured that evolving strategies were of the highest quality. Developing countries' experience was that competition between various agencies when too many were involved undermined the people-centred focus of their work. The developing countries were "overstudied". Repeated assessments and feasibility studies took up time and depleted local capacity that could be better used to coordinate agency inputs. No consensus had yet been reached, however, on how to build better linkages, particularly among multilateral and bilateral agencies.

18. There was general awareness of the need to broaden the perspective of capacity-building and to improve coordination and coherence for more sustained capacity development at all levels (international, national and local), and among all types of partners — multilateral, bilateral, non-governmental organizations, civil society organizations and national governments. As aid flows increased, their effective utilization must be embraced by all partners concerned, and the process of capacity development must be continually monitored as it became more institutionalized.

19. **Mr. Nduom** (Minister for Economic Planning and Regional Integration of Ghana), Panellist, said that retention should be a key factor in capacity-building. Ghana had to cope with the migration of its skilled and professional human resources to Europe, North America and Asia, and, within the country, from the rural to urban areas. The United Nations and other international organizations must understand that countries could not retain their capacity without the basic building blocks of prosperity and a decent standard of living. To that end, Ghana's poverty reduction strategy for 2002-2004 accorded top priority to infrastructure, because of its strong links to poverty reduction and capacity-building. He noted, for example, that one of Ghana's most productive regions (timber, gold, cocoa) had the lowest rate of human capacity development because it lacked telephones and safe drinking water. Insufficient infrastructure prevented rural schools, hospitals and local governments from attracting or retaining professional staff, and the rural exodus was overtaxing urban facilities. Although Ghana's development partners had questioned the order of its priorities, infrastructure had been emphasized by participants in the preparation of its poverty reduction strategy.

20. Other priority areas under the plan included rural development through modernized agriculture, enhanced social services (health and education), good governance and private sector development. All five priority areas were viewed as interlinked for investment purposes. After infrastructure, the focus would be on education and health, since an educated population would be better able to promote good governance and democracy.

21. The United Nations system should support measures to encourage the return of skilled labour and professionals, and become an advocate for reforming donor procedures, achieving coordination and ensuring

timely disbursement. It should actively monitor the commitments made by both developed countries (in the form of increased resources), and developing countries (in the form of good governance and democracy) and continue to support country-owned comprehensive development processes.

22. **Ms. Loj** (Permanent Representative of Denmark to the United Nations), Panellist, stressed the need for sustainability of all development activities. Denmark's experience had shown that short-term successes as a result of isolated interventions often lacked sustainability, generally because activities were not locally owned at all levels, including at the village level. The transfer of responsibility to local partners could only take place, however, if capacity-building succeeded in recipient countries. Denmark had learned that it was sometimes necessary to reduce the emphasis on short-term quantifiable output goals in favour of long-term needs, for example, laying 100 km of roadway rather than 200 km and allocating the remaining resources to building the recipient country's capacity to plan, administer and maintain its road system. That was the approach which Denmark's cooperation programme had taken in Ghana.

23. As for institutional development, she said that capacity-building must take place at the institutional, organizational and individual levels and must be aimed at creating an enabling environment, conducive to change, not only with regard to developing skills and knowledge but also transforming attitudes and policies on a long-term and ongoing basis. When Denmark had shifted its bilateral aid programme from project- to programme-oriented assistance, it had deliberately set a five-year duration for programmes, which could be extended to ten years, if necessary, in order to allow time for capacity development. As an external partner, it sought to improve a recipient country's overall system rather than to micro manage activities. Through twinning with European institutions, networking, and formal and informal training, it encouraged capacity development in recipient countries and gradually transferred responsibility for implementing activities and administering resources. Its own responsibilities were largely concentrated on maintaining financial and managerial control functions in order to ensure that Danish funds were not mismanaged; otherwise, popular and political support for its high level of development assistance would wane. In that connection, she agreed with Ms. Ndong-Jatta that accountability was a standard not only for external partners but also for recipient countries to abide by.

24. Good governance was the backbone of capacity-building; the manner in which a Government functioned determined its ability to engage in partnership and take responsibility for activities. Institutions that could transform society and foster change, including at the local level, and the decentralization of public services would both improve accountability and develop democratic structures at the local level, as had been demonstrated in Ghana.

25. With regard to various remarks made earlier by other panellists, she said that she fully agreed that an assistance framework must be defined by just one partner in the group for all the others to follow. The recipient country must be in command and must be given assistance for capacity development in order to avoid repeating the mistakes of the past. She agreed that recipient countries were sometimes overstudied. In one instance, Denmark had required four or five staff members of the Ministry of Finance every year for its assessment missions. Donor coordination and cooperation, right from the design and planning stage of sector programmes, would minimize such burdens on the administrations of developing countries. While every effort should be made to use local capacity, donors should not inadvertently take personnel that were vitally necessary to administer local governments.

26. **Mr. Diabre** (Associate Administrator, United Nations Development Programme), Panellist, said that the UNDP view of building capacities considered that the phrase "capacity development" was more accurate than "capacity-building". There were three key parameters in the UNDP approach to the issue. First, the aim was to strengthen existing aptitudes, rather than to suggest that they were completely absent. Second, assistance must target both individuals and social groups, whereas in the past the former had received attention at the expense of the latter. Third, the aim was to help individuals and social groups fulfil their own social functions, not those selected for them in a country or donor programme. Only that approach would generate a momentum for people to create a better life for themselves.

27. There were two major directions to UNDP activity. The first was poverty reduction, especially through the development of capacities; development must be undertaken not so much for the people as with

and through the people, their needs being paramount. The second was governance, which required a multidimensional approach not hamstrung by theory but rather designed to enable individuals and social groups to carry out their social functions.

28. Past lessons and experience would help to chart the way forward. The primary lesson was that without national ownership of development, development would not be lasting. Visits by consultants, or the holding of seminars, could serve the needs of the moment, but capacity development was a long-term task and called for a long-term view. Needs differed from country to country and from group to group, so there was no one-size-fits-all solution. UNDP experience had shown that developing existing capabilities was more fruitful than creating new structures and institutions. Solutions also needed to take a broad view, moving beyond a focus on individuals or institutions to examine society as a whole, and beyond a focus on the public sector to encompass the private sector and civil society. UNDP was proud of having championed what it termed "national execution", where close cooperation with governments, non-governmental organizations and civil society ensured that the recipients themselves implemented UNDP and other donors' programmes. In that connection, UNDP had launched the Capacity 2015 initiative, which had been discussed at the Bali Ministerial Preparatory Committee and would be introduced at the World Summit on Sustainable Development in Johannesburg.

29. There were new avenues to explore, and UNDP was devoting much thought to what to do in the future, motivated by the fact that the environment in which it was providing assistance had changed dramatically. That new environment had a number of salient features. First, everyone had become conscious that there was no single development path or experience which could suit all countries. When capacity development had first been tackled in the early 1960s, the prevailing school of thought had been that countries that had made some progress could help those that were lagging behind. Experience had shown that that assumption was often mistaken. Second, in contrast to assumptions in the early 1960s, it was no longer possible to segment knowledge and capacity geographically, since the North-South divide that had been at the heart of development thinking for so long had broken down. Third, in a globalized environment, methods of transferring knowledge had changed. Access to information was possible everywhere, and information and communication technologies had enabled people to talk to each other in a way that eliminated the need for an intermediary such as a development organization. Fourth, the old assumption that the country at the centre of development efforts actually lacked capacity had lost its validity. The emphasis was no longer on building capacity, but on helping recipient countries to retain the capacity they already had and to address the "brain drain".

30. **Ms. Siddiqi** (Senior Social Development Specialist and Learning Coordinator, World Bank), Panellist, said that at the centre of the new vision of capacity-building was the concept of ownership, which was not static, but varied from place to place and point in time to point in time. Ownership meant setting priorities, determining where gaps in capacity existed and deciding how to gauge results. Capacity-building had itself undergone a change of emphasis, from technical excellence to results-oriented skills, from individual skills to wider skills and from a top-down approach of experts imposing solutions to an approach involving dialogue, negotiation and collaboration. It had moved from a sideline to a subject which would be mainstreamed into the activities of international agencies and local bodies.

31. Much had been learned from past experience. Capacity-building had to be tailored to circumstances. Expertise to build capacity could be found in many places, and cooperation and communication between all those involved were essential for maximum benefit. All the organizations involved had begun to learn what changes they needed to make in their methods, but there was much still to be done to make the transition from driving the development process to allowing recipient countries to chart the way forward.

32. **Mr. Desai** (Under-Secretary-General for Economic and Social Affairs), Moderator, invited questions and comments on the presentations made by the members of the panel.

33. **Mr. Semakula Kiwanuka** (Uganda) welcomed the emphasis placed on good governance by Ms. Ndong-Jatta, a government minister from a developing country. However, good governance demanded not just a commitment to improve, it required resources. No country could have a good legal framework without trained judges and paralegal staff.

For that reason, genuine capacity-building partnerships were important.

34. Rather than lamenting the flight of skilled individuals, developing countries needed to find ways of producing and retaining capacities. He agreed with Mr. Nduom that the infrastructure requirements of rural areas deserved priority, to improve their ability to attract and retain skilled people, who could not be blamed for wanting to leave for the cities. It was vital to have a critical mass of people with expertise. Africa lacked skills in many fields. Transfers of technology were not achieved by having professors of physics at a university, but by enabling men and women to work and apply their skills.

35. **Mr. Toda** (Japan) emphasized that capacity development was a challenge closely bound up with the dignity of a country and its citizens. Moreover, that did not mean the dignity of a country's leaders alone, it meant dignity at the grass-roots level of society. Because technical assistance for capacity-building was a long-term task, over-reliance on short-sighted, results-oriented objectives was unwise. Equally unwise was long-term support without any phase-out provision. Since knowledge for capacity development was often more readily available in the South than the North, Japan supported more South-South cooperation and cooperation with emerging economies and organizations such as UNDP. Capacity-building was a challenge to which Japan would remain committed.

36. **Ms. Starbæk Christensen** (Observer for Denmark), speaking on behalf of the European Union, said that she had a number of comments and questions. First, capacity-building was a highly relevant and important issue. It was essential to translating into action internationally agreed goals, including the Millennium development goals. Development in general needed to centre on ownership, not supply and demand. In the light of those observations, she asked if the panel could suggest ways of strengthening national ownership and indicate what conditions should be attached to it. Second, assistance from the United Nations needed to be at the core of efforts to build capacity, requiring a system-wide understanding of what capacity-building was, and mainstreaming of the issue into other policies. Also required was more routine sharing of experience within the United Nations system, and more synergy between bilateral and multilateral donors. In the light of those observations, she asked if the panel saw any way to improve such synergy. Third, the European Union welcomed the emphasis on measuring effectiveness and introducing results-based management, using benchmarks and indicators, within the United Nations system. In the light of those observations, she asked if the panel could suggest how to establish performance indicators, given that capacity-building was a long-term task.

37. **Mr. Isakov** (Russian Federation) said that he had concluded from the observations made by the members of the panel that the developing countries needed a comprehensive interpretation of capacity-building. In that connection, he asked how the panel saw the prospects for developing such an interpretation, and for improving cooperation between the Bretton Woods institutions and the United Nations. He welcomed the emphasis on national accountability for implementing United Nations capacity-building programmes. Recipient governments had a central role to play in translating that accountability into action by determining implementation methods and setting priorities in the light of their countries' needs and circumstances.

38. Central to building and consolidating capacity in the recipient countries was adhering to General Assembly resolution 56/201 of 6 March 2002, particularly the recommendation in paragraph 30 that the United Nations system should use, to the fullest extent possible, national expertise and indigenous technologies. One important area for capacity-building was governments' ability to cope with disasters. Exchanges of experience would be valuable in that regard.

39. **Mr. Stanislaus** (Observer for Grenada) said that a paradox was developing in the Caribbean, as in many developing countries: people who had received training as a result of capacity-building efforts often took up attractive jobs outside the region, many of them in donor countries, owing to the "brain drain" phenomenon. The education and health sectors were particularly affected by the problem. Donor States should help developing countries to retain the capacity they had helped to build.

40. **Mr. Lindberg** (Observer for Norway) said that the renewed emphasis on national strategies for poverty reduction underlined more than ever the crucial importance of the effectiveness of institutions in development. Capacity-building had always been an integral, cross-cutting component of Norwegian

development cooperation. Human resources development had been the most visible expression of his Government's approach.

41. A holistic view had evolved in Norway over the years, and emphasis was being placed on capacity that enabled countries to initiate, plan and implement their own development goals in a changing world. There was a need to further develop criteria and benchmarks for measuring capacity-building. His Government increasingly considered that developing countries must make their own decisions on the kind of capacity-building needed and how it should be delivered. It also believed that delivery should be untied from funding and that there was much scope for coordination of capacity-building efforts among the donors involved, particularly within the United Nations system.

42. **Mr. Desai** (Under-Secretary-General for Economic and Social Affairs), Moderator, after summarizing the discussion thus far, invited the members of the panel to comment.

43. **Ms. Siddiqi** (Senior Social Development Specialist and Learning Coordinator, World Bank), Panellist, referring to the issue of country-driven and demand-driven capacity development, said that it was important to work with the various stakeholders to determine what action was needed. As for the importance of measurement, capacity-building was a continuing process and it was necessary to avoid getting bogged down in short-term indicators.

44. **Mr. Diabre** (Associate Administrator, United Nations Development Programme), Panellist, said that important criteria in the area of capacity-building included the following: ownership by each country of its own development vision and strategy; enabling countries to diagnose and put forward their own capacity development needs and to develop strategies at the national level; making sure that countries could not only design and implement, but also monitor development activities; and donor coordination.

45. **Ms. Loj** (Permanent Representative of Denmark to the United Nations), Panellist, said that the issue of resources was a chicken-and-egg problem; when the limited resources available were used effectively, more resources would then become available. Capacity-building must not be allowed to become a sector in itself, which would then be the target for vertical interventions; it must be seen as an instrument for the implementation of sectoral policies. The agencies and organizations of the United Nations system, which had the widest knowledge in the area of capacity-building, should be invited to involve themselves more closely in sector programme cooperation.

46. **Mr. Nduom** (Minister for Economic Planning and Regional Integration of Ghana), Panellist, said he had concluded from the current discussion that his Government should incorporate a capacity development component in its poverty reduction strategy and that other recipient States should also be encouraged to do so.

47. **Ms. Ndong-Jatta** (Secretary of State for Education of the Gambia), Panellist, said that greater emphasis should be placed on the importance and difficulty of capacity retention. A more holistic approach should be adopted in dealing with capacity issues, and a good indicator of such an approach would be the existence of joint efforts by the Bretton Woods institutions together with multilateral donors coming together to help to diagnose problems at the country level.

48. **Mr. Faure** (Chairman of the Development Assistance Committee, Organisation for Economic Cooperation and Development), Panellist, said that the discussion had shown a remarkable degree of consensus as to what objectives should be pursued for the implementation of the Monterrey Consensus. What was more difficult was to determine what immediate steps should be taken in starting that implementation.

49. It was important to work with national authorities in the area of capacity in the broadest sense, bringing in all potential partners, taking into account all needs, time frames and available responses, and the priorities of the country itself, and devise framework strategies for the development of the needed capacities. Performance was a vital issue, a nexus involving efficiency, effectiveness, measurement of results, capacity-building and the need for adequate and sustained resources.

50. **Mr. Desai** (Under-Secretary-General for Economic and Social Affairs), Moderator, suggested that the best indicator of successful external assistance in capacity-building was the speed with which that assistance made itself redundant.

*The meeting rose at 1.10 p.m.*